City of Alexandria, Office of Housing 12.14.17

ANDREW ADKINS YEAR 1 CASH FLOW ANALYSIS - WORKING DRAFT

Illustrative Unit Mix	60-Unit Scenarios	76-Unit Scenarios	90-Unit Scenarios
1 BR	12	15	18
2 BR	14	18	21
3 BR	32	40	48
4 BR	2	3	3
Total:	**60**	**76**	**90**

Scenario Definitions:

Scenario A—rents affordable at 20%, 30%, 40%, and 50% AMI

Scenario B—rents affordable at 30%, 50%, and 60% AMI

Scenario C—rents affordable at 40%, 50%, and 60% AMI

Scenario D—rents affordable at 20%, 30%, 40%, 50% and 60% AMI

Rent Levels without Subsidies	60 ARHA Units On Site				76 ARHA Units On Site				90 ARHA Units On Site			
	Scenario 60-A	Scenario 60-B	Scenario 60-C	Scenario 60-D	Scenario 76-A	Scenario 76-B	Scenario 76-C	Scenario 76-D	Scenario 90-A	Scenario 90-B	Scenario 90-C	Scenario 90-D
20% AMI	11	0	-	7	14	-	-	9	16	-	-	10
30% AMI	9	17	-	13	11	22	-	17	14	26	-	20
40% AMI	20	-	6	10	25	-	7	12	30	-	9	15
50% AMI	20	13	24	15	26	16	31	19	30	19	36	22
60% AMI	-	30	30	15	-	38	38	19	-	45	45	23
Total:	**60**	**60**	**60**	**60**	**76**	**76**	**76**	**76**	**90**	**90**	**90**	**90**

Annual Estimates	60 ARHA Units On Site				76 ARHA Units On Site				90 ARHA Units On Site			
	Scenario 60-A	Scenario 60-B	Scenario 60-C	Scenario 60-D	Scenario 76-A	Scenario 76-B	Scenario 76-C	Scenario 76-D	Scenario 90-A	Scenario 90-B	Scenario 90-C	Scenario 90-D
Total rent net utilities	$ 607,020	$ 811,920	$ 898,728	$ 706,872	$ 773,652	$ 1,031,556	$ 1,143,180	$ 895,152	$ 913,656	$ 1,230,504	$ 1,356,168	$ 1,060,608
Total operating expenses	$ (489,000)	$ (489,000)	$ (489,000)	$ (489,000)	$ (619,400)	$ (619,400)	$ (619,400)	$ (619,400)	$ (733,500)	$ (733,500)	$ (733,500)	$ (733,500)
Total property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Operating Income (Cash flow before debt service)	**$ 118,020**	**$ 322,920**	**$ 409,728**	**$ 217,872**	**$ 154,252**	**$ 412,156**	**$ 523,780**	**$ 275,752**	**$ 180,156**	**$ 497,004**	**$ 622,668**	**$ 327,108**
Debt service on ARHA seller note (YR 1) based on City-estimated land value	$ (180,624)	$ (180,624)	($180,624)	($180,624)	($228,791)	($228,791)	($228,791)	($228,791)	($270,936)	($270,936)	($270,936)	($270,936)
Debt service coverage ratio	0.65	1.79	2.27	1.21	0.67	1.80	2.29	1.21	0.66	1.83	2.30	1.21
Remaining Funds (YR 1)	**$ (62,604)**	**$ 142,296**	**$ 229,104**	**$ 37,248**	**$ (74,539)**	**$ 183,365**	**$ 294,989**	**$ 46,961**	**$ (90,780)**	**$ 226,068**	**$ 351,732**	**$ 56,172**
Range of debt service on ARHA seller note (YR 1) based on 10% decrease/ increase in City-estimated land value	($162,562) - ($198,687)	($162,562) - ($198,687)	($162,562) - ($198,687)	($162,562) - ($198,687)	($205,912) - ($251,670)	($205,912) - ($251,670)	($205,912) - ($251,670)	($205,912) - ($251,670)	($243,843) - ($298,030)	($243,843) - ($298,030)	($243,843) - ($298,030)	($243,843) - ($298,030)
Remaining Funds (YR 1) based on 10% decrease and increase in City-estimated land value	**($44,542) - ($88,667)**	**$124,233-$160,358**	**$211,041-$247,166**	**$11,781-$47,906**	**($51,660)-($97,418)**	**$160,486-$206,244**	**$272,110-$317,868**	**$24,082-$69,840**	**($63,687)-($117,874)**	**$198,974-$253,161**	**$324,638-$378,825**	**$29,078-$83,265**

NOTES:

Rent levels: Rent levels reflect non-subsidized rents received for each unit. They may not reflect the true cost paid by a tenant in situations where a tenant has a Housing Choice Voucher (HCV) or the unit is under an Annual Contributions Contract (ACC) with HUD. For example, a household at 25% AMI could reside in a 40%, 50%, or 60% AMI unit if they have a HCV from ARHA or a tenant-protection voucher (TPV) issued to residents displaced by redevelopment. Or a household at 20% AMI could reside in a ACC-funded unit and pay only 30% of its income on rent. While it is unclear if Andrew Adkins will have any ACC units, Ramsey Homes was required by HUD to retain 6 ACC-funded units.

Annual revenues: Annual revenue will vary based on the distribution of unit sizes by level of affordability.

Property tax liability: ARHA properties developed with LITHCs are tax-exempt. Non-ARHA affordable properties pay ~$1,800/unit annually in real estate taxes.

Debt service: ARHA is issuing a seller note based on the value of the portion of the land it is retaining. In this model, the seller note allows ARHA to pays itself back, with interest, for the value of the land.

ASSUMPTIONS:

Annual operating expense: $7,650/unit (Source: Ramsey Homes LIHTC Application)

Annual common area maintenance: $500/unit (Source: Based on AHDC cost for the Gateway at King and Beauregard development plus an added 25% contingency factor)

Utilities: Based on VHDA's 1-exposed wall utility allowance (Source: VHDA, 2017). The utility allowance used in this model is approximately 33-39% lower than the standard annual utility allowance set by ARHA for HCV holders. A lower utility allowance is projected based on new, energy-efficient construction. The utility allowance here is more conservative (i.e. higher) than the utility allowances used by other nonprofit affordable providers in the City.